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NorthLake Development Agreement, Los Angeles County, California, April 1993

DEVELOPMENT AGREEMENT BY AND BETWEEN
THE COUNTY OF LOS ANGELES AND COOK RANCH ASSOCIATES
RELATIVE TO THE DEVELOPMENT KNOWN AS
NORTHLAKE

THIS DEVELOPMENT AGREEMENT (hereinafter "Agreement") is entered into this 27th day of April, 1993 (the "Effective Date"), by and between COOK RANCH ASSOCIATES, a California general partnership ("Developer"), and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (hereinafter "County"), pursuant to the authority of Sections 65864 through 65869.5 of the Government Code of the State of California.

R E C I T A L S:

A. To strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the Legislature of the State of California adopted Section 65864, et seq., of the Government Code (the "Development Agreement Statute"), which authorizes County to enter into a property development agreement with any person having a legal or equitable interest in real property for the development of such property, in order to establish certain development rights in the property.

B. Developer is a general partnership doing business within the State of California.

C. Developer owns in fee or otherwise holds a legal or equitable interest in approximately 1294.3 acres of land in the northern portion of Los Angeles County in the unincorporated

County business
 C103 of the Government Code.
 LARRY J. MONTELLA, Executive Officer,
 Clerk of the Board of Supervisors

By Charlotte R. Brasfield
 Deputy

community of Castaic, as more particularly described in Exhibit "1" attached hereto (the "Project Site"). Developer proposes to develop upon the Project Site a mixed-use development, including (i) 2,337 single family dwelling units on 504.8 acres, (ii) 1,286 multiple family dwelling units on 95.5 acres, (iii) an 18-hole 166.9-acre golf course, including a clubhouse and a tennis/swimming facility, (iv) 169,884 square feet of commercial uses on 13.2 acres, including 100,188 square feet of community commercial uses and 69,696 square feet of highway commercial uses, (v) 545,589 square feet of light industrial uses on 50.1 acres, and (vi) 476.4 acres of open space, with a network of biking, jogging and equestrian trails (collectively, the "Project"). The uses, densities and intensities of use set forth in the Project description above are a general description of those uses, densities and intensities of use anticipated for the Project; however, nothing in the Project description above shall be construed to limit the land uses, densities or intensities of use allowed by the Project Approvals, the "Future Discretionary Approvals" (as hereinafter defined) or the "Applicable Rules" (as hereinafter defined).

D. On December 17, 1992, County, after making appropriate findings, certified the Final Program Environmental Impact Report for the Project under the provisions of the California Environmental Quality Act (Public Resources Code Section 21000, et seq.).

E. After conducting duly noticed public hearings and environmental review, County authorized development of the Project

by adopting, approving, and/or granting Sub-Plan Amendment 87-172-(5), Specific Plan No. 87-172-(5) (the "Specific Plan") and Conditional Use Permit No. 87-172-(5) (the "Master CUP") (collectively referred to as the "Project Approvals".) Development of the Project Site in accordance with the Project Approvals will provide for orderly growth in accordance with the policies and goals set forth in the County General Plan, including the Santa Clarita Valley Area Plan.

F. Pursuant to Section 65865 of the Development Agreement Statute, a county may establish procedures and requirements for the consideration of development agreements. County, by Ordinance No. 82-0173 ("County Enacting Ordinance"), has adopted such procedures and requirements, and the parties hereto desire to enter into such a development agreement pursuant thereto.

G. Developer has agreed to convey two elementary school/park sites (the "School/Park Sites"), in addition to paying the school district fees and in addition to complying with County's parkland dedication or in-lieu fee requirements. Developer has also agreed to convey a four-acre site for school administration purposes (the "School Administration Site").

H. Developer has agreed to convey a site for a public library (the "Library Site") and to contribute \$864,820 for the Project's allocable share of the cost of constructing library facilities (the "Library Facility Contribution").

I. Developer has agreed to convey a site for a fire station (the "Fire Station Site"), in addition to paying County's fire fees.

J. Developer has agreed to contribute up to \$234,495 towards landscaping portions of the Interstate 5 Golden State Freeway ("Interstate 5") through the community of Castaic between 0.2 mile south of Backer Road to 0.2 mile north of Lake Hughes Road (the "Freeway Landscaping Contribution").

K. Developer has agreed either to construct or to participate in the construction of the following traffic improvements:

1. Modernize the Lake Hughes/Interstate 5 interchange;
2. Modernize the Parker Road/Interstate 5 interchange;
3. Construct the "New Access Road" (as hereinafter defined);
4. Upgrade and improve Ridge Route Road;
5. Improve Castaic Road;
6. Improve Ridge Route Road/Parker Road; and
7. Contribute to the Parker Road/Interstate 5 interchange improvements (collectively, the "Traffic Improvements").

L. Developer has agreed that the golf-course included within the Project will initially be open to the general public.

M. For the reasons recited herein, County has determined that the Project is a development for which this Agreement is appropriate under the Development Agreement Statute and County Enacting Ordinance. This Agreement will eliminate uncertainty in planning for and securing orderly development of the Project,

assure progressive installation of necessary improvements for the benefit of the Castaic community and the Project, provide for public services appropriate to each stage of development of the Project, ensure attainment of the maximum effective utilization of resources within County at the least economic cost to its citizens, and otherwise achieve the goals and purposes for which the Development Agreement Statute was enacted. In exchange for these benefits to County, Developer desires to receive the assurance that it may proceed with the Project in accordance with County's existing rules, regulations, and official policies, subject to the terms and conditions contained in this Agreement. In addition, County has taken or will take all actions required so that Developer may begin and consummate development of the Project, including the approval, adoption or issuance of conditional use permits, planned unit developments, design review, tentative tract maps and vesting tentative maps, and other future discretionary entitlements (collectively, the "Future Discretionary Approvals"), and the ministerial approval of site plans, development plans, land use plans, grading plans, building plans and specifications, and ministerial issuance of final maps, grading permits, building permits, lot line adjustments, encroachment permits, occupancy certificates, and other necessary approvals and entitlements which are consistent with the Project Approvals and the Future Discretionary Approvals in connection with the development and completion of the Project (collectively, the "Ministerial Approvals").

N. This Agreement is made and entered into in consideration of the mutual covenants contained herein. The parties acknowledge that, in reliance on the agreements, representations, and warranties contained herein, Developer will take certain actions, including making substantial contributions, investments, and expenditures of monies, that it would not take but for County's agreement to abide by the terms of this Agreement, including the agreement that the Project Site can be developed during the term of this Agreement in accordance with County's rules, regulations, and policies in effect as of the Effective Date.

A G R E E M E N T

Section 1. General Provisions.

A. Covenants. The provisions of this Agreement shall constitute covenants which shall run with the land comprising the Project Site for the benefit thereof, and the burdens and benefits hereof shall bind and inure to the benefit of all successors-in-interest and assignees to the parties hereto.

B. Project Approvals. Development of the Project Site is governed by the Project Approvals, including all conditions thereto.

C. Term. The term of this Agreement shall commence upon the Effective Date and shall extend twenty (20) years thereafter, unless said term is otherwise terminated, modified, or extended by circumstances set forth in this Agreement or by mutual consent of the parties hereto. Following the expiration of said term, this Agreement shall be deemed terminated and of no further

force and effect; provided, however, such termination shall not automatically affect any right or duty arising from County entitlements on the Project Site approved concurrently with or subsequent to the approval of this Agreement.

This Agreement shall terminate with respect to any parcel and such parcel shall be released and no longer be subject to this Agreement without the execution or recordation of any further document when certificates of occupancy have been issued for all buildings on the parcel.

D. Assignment. Developer shall have the right to assign Developer's rights and obligations under this Agreement, but only in connection with the concurrent sale, assignment, ground lease, encumbrance, or other transfer (collectively, a "Transfer") of all or any portion of the Project Site. Upon any Transfer of all or any portion of the Project Site, the express assumption of Developer's obligations under this Agreement by such transferee and County's written consent, which consent shall not be unreasonably withheld, Developer shall be relieved of and from further liability or responsibility for the obligations arising under this Agreement, and County agrees to look solely to the transferee for compliance by such transferee with the provisions of this Agreement as such provisions relate to the portion of the Project Site acquired by such transferee. "Compliance," as used in the preceding sentence, shall include, without limitation, compliance with reporting and annual review requirements and the payment of fees. In addition, any amendment to this Agreement between County and a transferee shall only affect the portion of the Project Site owned by such

transferee, and a default by any transferee shall only affect that portion of the Project Site owned by such transferee.

Nothing contained in this Section 1.D shall prevent a reorganization of Developer so long as, following any such reorganization, the combined interests of SCV Development Co. and Jesbet Corp., or any affiliates of either, continue to equal at least fifty percent (50%) of Developer. For purposes of this paragraph, the term "affiliate" shall mean any person, individual, corporation, partnership, joint venture, association, firm, joint stock company, trust, unincorporated association or other entity, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the subject entity.

Nothing contained in this Section 1.D shall prevent a transfer of the Project Site, or any portion thereof, to an institutional lender as a result of a foreclosure or deed in lieu of foreclosure, and any lender acquiring the Project Site, or any portion thereof, as a result of foreclosure or a deed in lieu of foreclosure shall take such Project Site subject to the rights and obligations of Developer under this Agreement; provided, however, in no event shall such lender be liable for any defaults or monetary obligations of Developer arising prior to acquisition of title to the Project Site by such lender, and provided further, in no event shall any such lender or its successors or assigns be entitled to a building permit or occupancy certificate until all fees due under this Agreement (relating to the portion of the Project Site acquired by such mortgagee) have been paid to County

and until any other default (relating to the portion of the Project Site acquired by such mortgagee) has been cured.

E. Amendment of Agreement. This Agreement may be amended from time to time by mutual consent of the parties, in accordance with the provisions of Government Code Sections 65867 and 65868.

Upon written application by Developer, the Director of the County Department of Regional Planning may agree to certain modifications in the Project, provided that he has determined in writing that the requested modification is consistent with the provisions of this Agreement. The following modifications shall be deemed to be within the framework of this Agreement and shall not constitute an amendment requiring new notice and hearing: (i) modifications of the numerical standards of the Project Approvals by a factor not to exceed 10%, (ii) modifications of schematic plans previously approved by County and (iii) modifications to terms of this Agreement that do not address or affect the term, permitted uses, density or intensity of use, maximum height or size of buildings, provisions for reservation and dedication of land, conditions, terms, restrictions, and requirements relating to Future Discretionary Approvals, monetary contributions by Developer, or any conditions or covenants relating to the use of the Project Site.

In accordance with the provisions of Section IV.A. of the Specific Plan, the Project "Design Guidelines" in the Specific Plan (the "Design Guidelines") will be reviewed and approved by the Planning Director. The approval of the initial

Design Guidelines or any subsequent amendments to the Design Guidelines shall not require amendment of the Specific Plan or this Agreement. When approved, the Design Guidelines shall become an Applicable Rule.

F. Term of Other Approvals. Pursuant to California Government Code Sections 65863.9 and 66452.6(a), the terms of any tentative tract or parcel map or vesting tentative tract or parcel map, Future Discretionary Approval or Ministerial Approval shall be extended through the scheduled termination date of this Agreement as set forth in Section 1.C above.

Section 2. General Development of the Project Site.

A. General Development. Any development of the Project on the Project Site shall be conducted in accordance with the terms and conditions of this Agreement and the Project Approvals, but Developer shall have no liability (other than the potential termination of this Agreement as provided hereinbelow) if the contemplated development of the Project fails to occur.

B. Permitted Uses: County Obligations.

1. The permitted uses of the Project Site, the density and intensity of use, the maximum height and size of proposed buildings, provisions for reservation or dedication of land for public purposes and location of public improvements, and other terms and conditions of development applicable to the Project Site shall be those set forth in the Project Approvals and the Applicable Rules.

2. County is bound with respect to the uses permitted by this Agreement insofar as this Agreement and the Project Approvals so provide or as otherwise set forth in the Applicable Rules. Pursuant to and in accordance with the Applicable Rules, County agrees to grant and implement the necessary land use, zoning, site plan, or subdivision approvals and to grant other approvals and permits, including the Future Discretionary Approvals and the Ministerial Approvals, that will accomplish development of the Project Site for the uses and to the density or intensity of development described and shown in the Project Approvals. Nothing in this Section 2.B.2 shall preclude County from (a) imposing conditions or restrictions, including, but not limited to, reductions in density or intensity, provided that failure to do so would put the residents of the Project or the area immediately surrounding the Project Site in a condition dangerous to their health or safety or both, on tentative subdivision and parcel maps and/or conditional use permits, so long as such conditions or restrictions are consistent with the Applicable Rules and (b) requiring conditional use permits, planned unit development permits, site plan reviews and other development permits and approvals that are required by and are consistent with the Applicable Rules.

C. Rules, Regulations, and Official Policies.

1. Except as otherwise provided in this Agreement, the rules, regulations, official policies, and conditions of approval that are applicable to the development of the Project Site and the Project and govern the (a) permitted uses of

the Project Site, (b) density or intensity of use, and (c) design, improvement, construction, and building and occupancy standards and specifications shall be those rules, regulations, official policies, and conditions of approval in force as of the Effective Date, as modified by the Project Approvals (the "Applicable Rules"). County shall have the right to impose reasonable conditions in connection with Future Discretionary Approvals, but such conditions and actions shall not be inconsistent with the Applicable Rules and shall not prevent development of the Project as contemplated by this Agreement or place burdensome or restrictive measures on Developer in connection with the development of the Project. Further, any attempted amendment to or change in the Applicable Rules, by whatever means whatsoever, including, without limitation, any change in any applicable general or specific plan, area plan, zoning, subdivision or building regulation, adopted or becoming effective after the Effective Date, including, without limitation, any such change by means of an ordinance, County Charter amendment, initiative, resolution, policy, order, or moratorium, initiated or instituted for any reason whatsoever and adopted by the Board of Supervisors (the "Board"), the Regional Planning Commission (the "Commission"), or any other board, commission, or department of County, or any officer or employee thereof, or by the electorate, as the case may be, which would, absent this Agreement, otherwise be applicable to the Project and which would conflict in any way with or be more restrictive than the Applicable Rules, shall not be applied by County to the Project.

Notwithstanding the foregoing, nothing in this Agreement shall preclude County from applying any rule, regulation, or official policy of County governing permitted uses of the Project Site, density or intensity of use, or design, improvement, and construction standards and specifications applicable to the Project Site and the Project that is adopted after the Effective Date (the "Subsequent Applicable Rules"), provided County first determines that the failure to apply such a Subsequent Applicable Rule would place the residents of County in a condition dangerous to their health or safety, or both. In addition, nothing in this Agreement shall preclude County from applying changes occurring from time to time in the Uniform Building Code, Uniform Electrical Code, Uniform Mechanical Code, or Uniform Fire Code, provided that such changes (i) are found by County to be necessary to the health and safety of the citizens of County, (ii) are generally applicable to all property in County, and (iii) do not prevent or delay development of the Project in accordance with this Agreement.

2. This Section shall not preclude the application to the development of the Project Site of changes in County laws, regulations, plans, or policies, the terms of which are specifically mandated and required by changes in state or federal laws or regulations as provided for in Government Code Section 65869.5. In the event such changes in state or federal laws prevent or preclude compliance with one or more provisions of this Agreement, County and Developer shall take such action as may be required pursuant to Section 5.D and Section 8 of this Agreement.

3. This Section shall not be construed to limit the authority of County to charge normal and customary application, processing, and permit fees for land use approvals, building permits, and other similar permits and entitlements, which fees are designed to reimburse County's expenses attributable to such application, processing and permitting and are in force and effect on a County-wide basis at such time as said approvals, permits, or entitlements are granted by County.

4. Developer shall be responsible for complying with all conditions and providing the exactions, dedications, and fees set forth in the Project Approvals and the Applicable Rules. Except as otherwise provided in this Agreement, County shall only charge those fees and amounts which are in effect as of the Effective Date. No additional conditions, exactions, dedications, or fees, through the exercise of either the police power or the taxing power, shall be imposed by County on the development of the Project Site; provided, however, that in approving tentative subdivision maps, County may impose normal and customary dedications pursuant to the Applicable Rules for rights of way or easements for public access, utilities, water, sewers, and drainage necessary for the Project. Nothing in this Section 2.C.4 shall preclude County from (a) imposing conditions or restrictions, including, but not limited to, reductions in density or intensity, provided that failure to do so would put the residents of the Project or the area immediately surrounding the Project Site in a condition dangerous to their health or safety or both, on tentative subdivision and parcel maps and/or conditional

use permits, so long as such conditions or restrictions are consistent with the Applicable Rules and (b) requiring conditional use permits, planned unit development permits, site plan reviews and other development permits and approvals that are required by and are consistent with the Applicable Rules.

5. The parties acknowledge that Developer cannot at this time predict when or the rate at which phases of the Project will be developed. Because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo, 37 Cal.3d 465 (1984), that failure of the parties therein to provide for the timing of development resulted in a later adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the parties' intent to cure that deficiency by acknowledging and providing that Developer shall have the right to develop the Project in such order and at such rate and at such times as Developer deems appropriate within the exercise of its subjective business judgment, subject only to any timing or phasing requirements set forth in the Project Approvals or as otherwise provided in this Agreement.

6. The Design Guidelines shall constitute the design standards against which site plans, conditional use permits, tentative tract maps, parcel maps and any other Discretionary Approvals or Ministerial Approvals are reviewed and approved.

Section 3. Contributions by Developer. In consideration of County entering into this Agreement, Developer agrees to perform the following obligations, in addition to those conditions imposed

pursuant to the terms of the Project Approvals, in connection with the development of the Project Site:

A. School/Park Sites. Developer hereby agrees to convey two School/Park Sites as follows:

1. Developer shall convey one 11.9-acre site, including a 5-acre park, which comprises Planning Area No. 24 of the Specific Plan (the "Planning Area No. 24 School/Park Site"), to the Castaic Union School District. The Planning Area No. 24 School/Park Site will be conveyed following issuance of certificates of occupancy for 465 "equivalent dwelling units" (as hereinafter defined) and prior to issuance of any certificate of occupancy for the 466th equivalent dwelling unit. The term "equivalent dwelling unit" shall mean one single-family dwelling unit or three multi-family dwelling units.

2. Developer shall convey one 11.2-acre site, including a 5-acre park, which comprises Planning Area No. 25 of the Specific Plan (the "Planning Area No. 25 School/Park Site"), to the Castaic Union School District. The Planning Area No. 25 School/Park Site will be conveyed following issuance of certificates of occupancy for 1860 equivalent dwelling units and prior to issuance of any certificate of occupancy for the 1861st equivalent dwelling unit.

3. Developer shall convey the School Administration Site to the Castaic Union School District. The School Administration Site shall be located, in Developer's discretion, in or near Planning Area Nos. 2-9, inclusive, of the Specific Plan or may be located outside of the Project.

4. The terms and conditions of the conveyance of the School/Park Sites and the School Administration Site shall be in accordance with the Agreement between Developer and the Castaic Union School District, dated July 23, 1992 (the "Castaic Union School District Agreement"), and the agreement to be entered into by Developer and the County of Los Angeles Department of Parks and Recreation, in accordance with Developer's letter dated September 15, 1992, and subject to Subparagraph 7 below.

5. Conveyance of the Park/School Sites shall be in addition to school fees to be paid pursuant to and in accordance with the Castaic Union School District Agreement and any agreement between Developer and the William S. Hart Union School District.

6. Conveyance of the Park/School Sites shall be in addition to parkland dedication and/or in-lieu fees pursuant to Government Code Section 66477 and Los Angeles County Code Sections 21.24.340-21.24.350 and 21.28.120-21.28.140; provided, however, that any in-lieu fees paid by Developer shall be expended by County within the Project Site.

7. Although Subparagraphs 1 and 2 above suggest that each of the park sites will be 5 acres in size, County reserves the right to increase the total acreage in each park site to a size that is sufficient to serve the Project, which is estimated to be approximately 8 acres each. County agrees that any park site acreage in excess of 5 acres (with respect to either of the park sites) shall be credited against parkland dedication

and/or in-lieu fees, respectively, described in Subparagraph 6 above.

B. Library Site and Library Facility Contribution.

1. Developer hereby agrees to convey a one-acre Library Site to the Los Angeles County Public Library System. The Library Site shall be located, in Developer's sole discretion, in or near Planning Area Nos. 2-9, inclusive, of the Specific Plan. The parties acknowledge that the Library Site meets the future anticipated planning and design requirements for County library facilities for the community of Castaic, including parking. The Library Site will be rough graded and all utilities necessary for the library will be brought to the property line by Developer. At Developer's option, subject to County's consent, which shall not be unreasonably withheld, the Library Site may share parking with a compatible use, in which case the shared parking spaces shall be credited against the parking requirement for the compatible use. The Library Site will be conveyed following issuance of certificates of occupancy for 1200 equivalent dwelling units and prior to issuance of any certificate of occupancy for the 1201st equivalent dwelling unit.

County acknowledges that any deed conveying the Library Site will contain provisions that (i) if County elects to transfer the Library Site, or any portion thereof, during the term of this Agreement, Developer shall have a right of first refusal to acquire the Library Site and (ii) if County intends to utilize the Library Site for purposes other than a

public library, Developer shall have a right, in its sole discretion, to approve such alternative use.

As an alternative to Developer's conveying the Library Site to County, County, Developer and the Castaic Union School District may agree to the construction of a joint-use library in conjunction with the new middle school (the "Joint Library/Middle School Site"), in which case Developer shall not be obligated to convey the Library Site.

2. In addition to conveying the Library Site, Developer hereby agrees to pay \$864,820 to County for the construction of library facilities on the Library Site or, if applicable, the Joint Library/Middle School Site (the "Library Facility Contribution"). Developer shall pay the Library Facility Contribution to County following issuance of certificates of occupancy for 2000 equivalent dwelling units and prior to issuance of any certificate of occupancy for the 2001st equivalent dwelling unit.

3. The Library Facility Contribution shall be utilized by County solely to construct library facilities for the community of Castaic at the Library Site or the Joint Library/Middle School Site.

4. The parties acknowledge that the Library Facility Contribution meets or exceeds the Project's allocable share of the library facilities for the community of Castaic. Consequently, Developer's payment of the Library Facility Contribution shall exempt the Project from any future development project fees for constructing library facilities, except a County

Library-wide charge that is specifically allocated solely for books, operations or maintenance of library facilities.

C. Fire Station Site. Developer hereby agrees to convey to the County of Los Angeles Fire Department (the "Fire Department") a site for a fire station sufficient for facilities to serve the Project. The Fire Station Site shall be one of the two potential locations depicted on Exhibit II-13 of the Specific Plan or an alternative site which is mutually acceptable to Developer and the Fire Department. The Fire Station Site will be conveyed following issuance of certificates of occupancy for 1860 equivalent dwelling units and prior to issuance of any certificate of occupancy for the 1861st equivalent dwelling unit. Conveyance of the Fire Station Site shall be in addition to the fire fees adopted by Resolution SYN #13 on July 12, 1990, in the amount in effect as of the Effective Date. County acknowledges that any deed conveying the Fire Station Site will contain provisions that (i) if the Fire Department elects to transfer the Fire Station Site, or any portion thereof, during the term of this Agreement, Developer shall have a right of first refusal to acquire the Fire Station Site and (ii) if County intends to utilize the Fire Station Site for purposes other than a fire station, Developer shall have a right, in its sole discretion, to approve such alternative use.

D. Freeway Landscaping Contribution. Developer hereby agrees to make the Freeway Landscaping Contribution, provided that an agreement, acceptable in form to Developer, is executed between the California Department of Transportation ("CalTrans") and the Castaic Chamber of Commerce (the "Castaic

Chamber"). The terms and conditions of Developer's payment of the Freeway Landscaping Contribution shall be in accordance with an agreement to be executed between the Castaic Chamber and Developer. Based on present tentative agreements between CalTrans and the Castaic Chamber and the Castaic Chamber and Developer, it is anticipated that Developer shall pay \$34,002 in 1992, \$83,211 in 1993, \$34,002 in 1995 and \$83,246 in 1996.

E. Traffic Improvements.

1. Prior to approval of the first tentative tract map for each of the four phases of the Project, the respective phase of the Project shall be evaluated to determine which of the following improvements would be needed to provide adequate capacity for that phase of the Project and other nearby related projects. The phase-specific traffic analysis shall determine the timing, upgrades and buildout configuration (right-of-way acquisition, construction impacts, etc.) associated with the following improvements to the extent such improvements are required. Provided that the phase-specific traffic studies show them to be necessary and appropriate, Developer hereby agrees either to construct or to participate in the construction, and, if necessary, to apply for an amendment of the County Highway Plan and/or the County General Plan to provide for the appropriate designations, of the following off-site Traffic Improvements:

- a. Modernize the Lake Hughes Road/Interstate 5 Freeway interchange;
- b. Modernize the Parker Road/Interstate 5 Freeway interchange;

c. Construct a new access road from the Project to Castaic Road with a minimum of two lanes in each direction (the "New Access Road");

d. If the New Access Road is constructed, upgrade and improve Ridge Route Road to secondary highway standards from the Project to Lake Hughes Road;

e. Improve Castaic Road from the New Access Road to Lake Hughes Road with a minimum of two lanes in each direction;

f. If the New Access Road cannot be constructed, upgrade and improve Ridge Route Road to major highway standards from the Project to Lake Hughes Road;

g. Improve Ridge Route Road/Parker Road to secondary highway standards from Lake Hughes Road to the Parker Road/Interstate 5 interchange, which would require widening the bridge over Violin Creek; and

h. Contribute to the Parker Road/Interstate 5 interchange improvements.

2. The Castaic Bridge and Thoroughfare ("B&T") District, which was approved by the Board of Supervisors on May 5, 1992, includes approximately 54 acres of the Project Site, of which approximately 4 acres will be commercial and 12 acres will be industrial and 38 acres will be open space. The Parker Road/Interstate 5 interchange improvement is included in the B&T District. Developer shall be entitled to a credit for its costs, exclusive of the improvements required solely as a result of

Project generated traffic, associated with this improvement against any fees collected by said B&T District.

3. In the event Developer is unable to obtain the necessary rights-of-way for the construction of any of the Traffic Improvements, County will utilize its powers of eminent domain to acquire the needed rights-of-way at Developer's expense.

4. Nothing in this Section 3.E. shall prevent development of the Project notwithstanding Developer's inability to complete construction of any or all of the Traffic Improvements due to the delay or failure of CalTrans to grant any necessary approvals for construction in accordance with plans approved by CalTrans; provided, however, Developer and County agree to diligently pursue CalTrans' approval and Developer agrees to forthwith proceed to complete the Traffic Improvements upon obtaining CalTrans' approval. County shall use its best efforts to assist Developer in obtaining necessary CalTrans approvals. Developer may be required to bond for improvements required by CalTrans.

5. Upon satisfactory completion of construction of the Traffic Improvements within County's jurisdiction, County agrees to accept dedication of the rights-of-way and thereafter maintain such Traffic Improvements.

F. Public Golf Course. Developer hereby agrees that the 18-hole championship golf course to be constructed within the Project shall be open to the general public, provided, however, that Developer shall have the right to reserve tee times for residents of the Project or Castaic and shall have the right to

charge the general public, including residents, a fee for use of the golf course. Notwithstanding the previous sentence, Developer shall have the right to remove the golf course from public use and convert it to a private facility if Developer and a majority of the property owners in the Project desire the conversion.

Section 4. Obligations of County. In consideration of Developer entering into this Agreement, County has agreed to the following with respect to the development of the Project Site:

A. Future Discretionary Approvals. To the extent that a subsequent development, construction, or land use permit or approval must be obtained, and such permit or approval does not constitute a Ministerial Approval, the provisions of Sections 2.C. and 8 shall apply.

B. Standard of Review. The rules, regulations, and policies that apply to any Future Discretionary Approvals and/or Ministerial Approvals which must be secured prior to the construction of any portion of the Project shall be the Applicable Rules. County agrees to use its best efforts to expeditiously process any Future Discretionary Approvals and/or Ministerial Approval after application is made therefor by Developer.

C. Sanitation District. County agrees that sanitary sewer infrastructure and service for the Project shall be provided in one of two ways. Currently the Project is designed to construct its own wastewater treatment plant and reuse the tertiary effluent for irrigation purposes. If this alternative is selected by the parties' mutual agreement, County agrees, in a timely

manner, to form a new sanitation district which will include the Project. However, if Developer and County determine that the Project should annex into County Sanitation District #32 instead, County agrees to annex the Property into County District #32, provide a source of reclaimed water from County District #32 of at least two million gallons per day, and serve the Project on a timely basis.

If, within six months following Developer's submittal to County of its first tentative map that includes any portion of the Property, County and Developer have not been able to mutually agree how sanitation and reclaimed water services will be provided to the Property, Developer shall have the right to determine, in its sole discretion, whether to construct its own wastewater treatment plant for the Project or to have the Property annexed into Sanitation District #32. County agrees to implement Developer's decision by either (i) forming forthwith a new sanitation district including the Property and accepting dedication and responsibility for operation and maintenance of the wastewater treatment plant or (ii) annexing forthwith the Property into Sanitation District #32.

D. Other Governmental Bodies. To the extent that County, its Board of Supervisors, Planning Commission or any other County agency or department constitutes and sits as any other board or agency, it shall not take any action that is inconsistent with the terms of this Agreement.

Section 5. Default; Remedies.

A. General Provisions. Failure by either party to perform any term or provision of this Agreement for a period of thirty (30) days after receipt of written notice thereof from the other party shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. Said notice shall specify in detail the nature of the alleged default and the manner in which said default may be satisfactorily cured. If the nature of the alleged default is such that it cannot reasonably be cured within such 30-day period, the commencement of the cure within such time period and the diligent prosecution to completion of the cure shall be deemed a cure within such period.

Subject to the foregoing, after notice and expiration of the 30-day period without cure, the other party to this Agreement, at its option, may institute legal proceedings pursuant to this Agreement and/or give notice of intent to terminate the Agreement pursuant to Government Code Section 65868. Following such notice of intent to terminate, the matter shall be scheduled for consideration and review by the Board within thirty (30) calendar days in the manner set forth in Government Code Sections 65867 and 65868.

Following consideration of the evidence presented in said review before the Board and a determination by the Board that a default exists, the party alleging the default by the other party may give written notice of termination of this Agreement to the other party.

Evidence of default may also arise in the course of the regularly scheduled annual review described in Section 5.B below.

B. Annual Review. Each year on the 15th day of the month during which the annual anniversary of the Effective Date occurs (or, in the event such date falls on a weekend or holiday, the next available business day), throughout the term of this Agreement, Developer and County will meet and review, pursuant to Development Agreement Statute Section 65865.1 and the County Enacting Ordinance, the good faith compliance by Developer with the terms of this Agreement. Such meeting shall take place at the offices of the Commission, or at such other places or times which are mutually agreed upon by the parties. If as a result of such review, County reasonably determines, on the basis of substantial evidence presented at such meeting, that Developer or its successor in interest to the Project Site has not complied in good faith with the terms and conditions hereof, County shall provide written notice thereof ("Notice of Non-Compliance"), specifying in specific detail and specific reasons for such finding. After County delivers the Notice of Non-Compliance, Developer shall have the right to cure such non-compliance as provided in Section 5.A. above. In the event that Developer does not timely cure the non-compliance after a Notice of Non-Compliance is delivered by County or, if during the period which Developer must cure such default, Developer ceases to use commercially reasonable efforts to effect such cure, County may proceed to terminate this Agreement on ten (10) days' prior written notice to Developer in accordance with the

termination procedure set forth in Section 5.A. above. The costs incurred by County in connection with the annual review hereunder shall be shared equally by Developer and County.

C. Default by County. In the event County does not accept, review, approve, or issue the Future Discretionary Approvals, the Ministerial Approvals or any other necessary development permits, entitlements, or other land use or building approvals in a timely fashion as provided in this Agreement, or as otherwise agreed to by the parties, or County otherwise defaults under the terms of this Agreement, Developer shall have all rights and remedies provided herein or under applicable law, including the specific performance of this Agreement.

D. Enforced Delay; Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; walk-outs; material shortages; riots; floods; earthquakes; the discovery and resolution of hazardous waste or significant geologic, hydrologic, archaeologic, or paleontologic problems on the Project Site; fires; casualties; acts of God; governmental restrictions imposed or mandated by state or federal agencies; enactment of conflicting state or federal laws or regulations or judicial decisions; litigation; inability to secure necessary labor and delays of any contractor, subcontractor, or supplier; acts of the other party hereto; acts or failure to act by any other public or governmental entity; inability to secure financing; or any other cause beyond the commercially reasonable control or without the

fault of the party claiming an extension of time. If any such events shall occur, the term of this Agreement and the time for performance by either party of any of its obligations hereunder shall be extended for the period of time that such events prevented such performance.

E. Legal Action. Either party may, in addition to any other rights or remedies, institute legal action to cure, correct or remedy any default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation hereof, or enforce by specific performance the obligations and rights of the parties hereto.

All legal actions shall be heard by a reference from the Los Angeles County Superior Court pursuant to Code of Civil Procedure Section 638, et seq. Developer and County shall agree upon a single referee who shall then try all issues, whether of fact or law, and report a finding and judgment thereon and issue all legal and equitable relief appropriate under the circumstances of the controversy before him. If Developer and County are unable to agree on a referee within ten (10) days of a written request to do so by either party hereto, either party may seek to have one appointed pursuant to Code of Civil Procedure Section 640. The cost of such proceeding shall initially be borne equally by the parties. Any referee selected pursuant to this Section 5.E. shall be considered a temporary judge appointed pursuant to Article 6, Section 21 of the California Constitution.

F. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

Section 6. Hold Harmless Agreement. Developer hereby agrees to, and shall, defend, save, and hold County and its elected and appointed boards, commissions, officers, agents, and employees harmless from any and all claims, costs, and liability for any damages, personal injury, or death, which may arise, directly or indirectly, from Developer's or Developer's contractors', subcontractors', agents', or employees' operations under this Agreement.

Section 7. No Joint Venture or Partnership. County and Developer hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making County and Developer joint venturers or partners.

Section 8. Cooperation-Implementation.

A. Processing. Upon satisfactory completion by Developer of all required preliminary actions and payments of appropriate processing fees, if any, County shall promptly commence and diligently proceed to complete all required steps necessary for the implementation of this Agreement and the development by Developer of the Project Site in accordance with the Project Approvals, including, but not limited to, the following:

1. the holding of any required public hearings; and

2. the processing and checking of all Future Discretionary Approvals and Ministerial Approvals and related matters as necessary for the completion of the development of the Project. In this regard, Developer, in a timely manner, will provide County with all documents, applications, plans, and other information necessary for County to carry out its obligations hereunder and will cause Developer's planners, engineers, and all other consultants to submit in a timely manner all required materials and documents therefor as required by the Applicable Rules. It is the express intent of this Agreement that the parties cooperate and diligently work to implement any zoning or other land use, site plan, subdivision, grading, building, or other approvals for development of the Project in accordance with the Project Approvals.

B. Other Governmental Permits. In addition, Developer shall apply in a timely manner for such other permits and approvals, including, without limitation, annexations, as may be required from other governmental or quasi-governmental agencies having jurisdiction over the Project as may be required for the development of, or provision of services to, the Project. County shall cooperate with Developer in its endeavors to obtain such permits and approvals and shall, from time to time at the request of Developer, attempt with due diligence and in good faith to enter into binding agreements with any such entity in order to assure the availability of such permits, approvals or services, provided such

agreements are reasonable and not detrimental to County. Such agreements may include, but are not limited to, joint powers agreements pursuant to the provisions of the Joint Exercise of Powers Act (Government Code Section 6500, et seq.) or the provisions of other laws concerning the creation of legally binding, enforceable agreements between such parties. To the extent allowed by law, Developer shall be a party to any such agreement, or a third party beneficiary thereof, entitled to enforce for its benefit on behalf of County, or in its own name, the rights of County or Developer thereunder or the duties and obligations of the parties thereto.

Developer shall reimburse County for all costs and expenses incurred in connection with seeking and entering into any such agreement, provided that Developer has requested same. Developer shall defend County in any challenge by any person to any such agreement and shall reimburse County for any costs and expenses incurred by County in enforcing any such agreement. Any fees, assessments or other amounts payable by County thereunder shall be borne by Developer, except where Developer has notified County in writing, prior to County's entering into such agreement, that it does not desire for County to execute such agreement.

Section 9. Cooperation in the Event of Legal Challenge.

In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending said action. County shall promptly notify

Developer of any such legal action against County. Developer shall defend County, its officers, agents and employees from any legal actions instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement; provided, however, that if County fails promptly to notify Developer of any legal action against County or if County fails to cooperate in the defense, Developer shall not thereafter be responsible for County's defense. Developer shall be entitled to select counsel to conduct such defense, who shall be authorized to represent County as well as Developer; provided, however, if County elects to select counsel, other than counsel selected by Developer, County shall be responsible for paying the fees and costs of counsel it selects. County shall not reject any reasonable settlement; if County does reject a settlement acceptable to Developer, County may continue to defend such action at its own cost. Should County choose to select its own counsel, County shall continue to be obligated to cooperate in the defense of such action.

Section 10. Statement of Compliance. Within ten (10) days following any written request which either party may make from time to time, the other party shall execute and deliver to the requesting party a statement certifying that: (a) this Agreement is unmodified and in full force and effect or, if there have been modifications hereto, that this Agreement is in full force and effect, as modified, and stating the date and nature of such modifications; (b) there are no current uncured defaults under this

Agreement or specifying the dates and nature of any such defaults; and (c) any other reasonable information requested. The failure to deliver such statement within such time shall be conclusive upon the party which fails to deliver such statement that this Agreement is in full force and effect without modification except as may be represented by the requesting party and that there are no uncured defaults in the performance of the requesting party.

Section 11. Mortgagee Protection. The parties hereto agree that this Agreement shall not prevent or limit Developer in any manner, at Developer's sole discretion, from encumbering the Project Site or any portion thereof or any improvement thereon by any mortgage, deed of trust, or other security device securing financing with respect to the Project Site. County acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with Developer and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. County will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any mortgagee of a mortgage or a beneficiary of a deed of trust ("Mortgagee") of the Project Site shall be entitled to the following rights and privileges:

A. Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish, or

impair the lien of any mortgage or deed of trust on the Project Site made in good faith and for value.

B. The Mortgagee of any mortgage or deed of trust encumbering the Project Site, or any part thereof, which Mortgagee has submitted a request in writing to County in the manner specified herein for giving notices, shall be entitled to receive written notification from County of any default by Developer in the performance of Developer's obligations under this Agreement.

C. If County timely receives a request from a Mortgagee requesting a copy of any notice of default given to Developer under the terms of this Agreement, County shall provide a copy of that notice to the Mortgagee within twenty (20) days of sending the notice of default to Developer. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed such party under this Agreement.

Section 12. General.

A. Enforceability of Agreement. County and Developer agree that unless this Agreement is amended or terminated pursuant to the provisions of this Agreement, this Agreement shall be enforceable by any party hereto, notwithstanding any change hereafter in any applicable general plan, specific plan, area plan, zoning ordinance, subdivision ordinance, or any other land use or building ordinances, resolutions, or other regulations adopted by County which change, alter, or amend the Applicable Rules. This Agreement shall not prevent County in subsequent actions applicable to the Project Site from applying new rules, regulations, and

policies which do not conflict with the Applicable Rules nor shall this Agreement prevent County from denying or conditionally approving any subsequent development project application relating to a development project located outside the Project Site, on the basis of such existing or new rules, regulations, and policies.

B. Public Benefits. County hereby finds and determines that execution of this Agreement is in the best interests of the public health, safety, and general welfare and that the provisions of this Agreement are consistent with the Development Agreement Statute, the County Enacting Ordinance, the Applicable Rules, and the Project Approvals.

C. Severability. If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect, unless Developer, in Developer's sole and absolute discretion, elects to terminate this Agreement by giving written notice thereof to County.

D. Further Assurances. Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

E. No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the parties and their successors and assigns. No other person shall

have any right of action based upon any provision of this Agreement.

F. Time of the Essence. Time is of the essence of this Agreement and of each and every term and condition hereof.

G. Applicable Rules. Prior to the Effective Date, the parties shall use reasonable efforts to identify two (2) sets of the Applicable Rules, one (1) set for County and one (1) set for Developer, so that if it becomes necessary in the future to refer to any of the Applicable Rules, there will be a common set of the Applicable Rules available to both parties.

Section 13. Notices. Any notice or communication required hereunder between County or Developer must be in writing and may be given either personally or by registered or certified mail, return receipt requested, or by electronic facsimile transmission followed by delivery of a "hard" copy. If given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. If delivered by electronic facsimile transmission, a notice shall be deemed to have been given the date of receipt thereof. Any party hereto may at any time, by giving ten (10) days' written notice to the other

party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below:

If to County:

Director of Department of Regional Planning
County of Los Angeles
Department of Regional Planning
320 West Temple Street,
Room 1500
Los Angeles, California 90012

If to Developer:

Cook Ranch Associates
14352 Chandler Boulevard
Van Nuys, California 91401
ATTENTION: Dirk Gosda

With a copy to:

Shapco, Inc.
16340 Roscoe Boulevard, Suite 220
Van Nuys, California 91406
ATTENTION: Mary K. Koon, Esq.

With a copy to:

Cox, Castle & Nicholson
Two Century Plaza
2049 Century Park East,
28th Floor
Los Angeles, California 90067
ATTENTION: Ronald I. Silverman, Esq.

Section 14. Recordation. In order to comply with Section 65868.5 of the Development Agreement Statute and Section 22.16.410 of the County Enacting Ordinance, the parties do hereby direct the Executive Officer-Clerk of the Board to record a copy of this Agreement with the County Recorder of County within ten (10) days after execution by County of this Agreement.

Section 15. Counterparts. This Agreement is executed in duplicate counterpart originals, each of which is deemed to be an original and all of which when taken together shall constitute one and the same instrument. This Agreement consists of thirty-nine (39) pages and one (1) exhibit, which constitute the entire understanding and agreement of the parties. Said Exhibits are identified as follows:

Exhibit "1" Legal Description

IN WITNESS WHEREOF, Developer and County have executed this Agreement as of the date first hereinabove written.

"COUNTY"

COUNTY OF LOS ANGELES,
a political subdivision of
the State of California

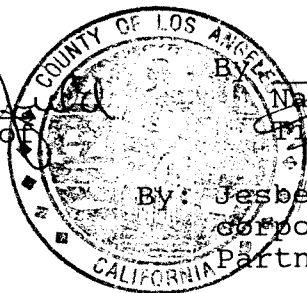
By: Leopold D. Ellman
Board of Supervisors

"DEVELOPER"

COOK RANCH ASSOCIATES,
a California general partnership

By: SCV Development Co., a
California corporation,
its General Partner

ATTEST: Charlotte R. Brasfield
Clerk of the Board of
Supervisors



By: Bernard J. Shapiro
Title: Vice President

By: Jesbet Corp., a California
corporation, its General
Partner

APPROVED AS TO FORM:

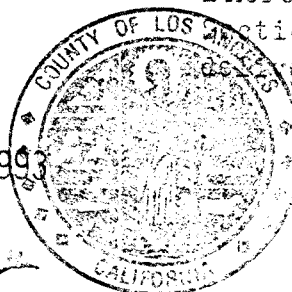
DeWITT W. CLINTON, County Counsel
Los Angeles County, California

By: Dirk Gosda
Name: Dirk Gosda
Title: President

By: Richard D. Hiers
Deputy

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APR 27 1993



I hereby certify that pursuant to
Section 23103 of the Government Code,
a copy of this document has been made
LARRY J. MONTEILH
Executive Officer
Clerk of the Board of Supervisor

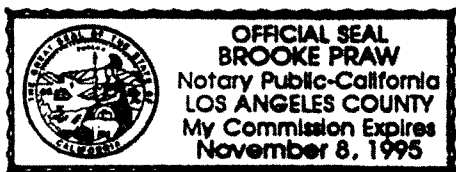
Larry J. Monteilh
LARRY J. MONTEILH
EXECUTIVE OFFICER

By: Charlotte R. Brasfield
DEPUTY

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On APRIL 5, 1993, before me, the undersigned, a Notary Public in and for said County and State, personally appeared BERNARD J. SHAPIRO, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS my hand and official seal.

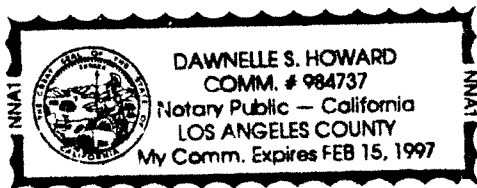


Brooke PRAW
Notary Public

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On APRIL 7, 1993, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DIRK LOSDA, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the within instrument.

WITNESS my hand and official seal.



Dawnelle S. Howard
Notary Public